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Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.35 a.m.

AGENDA ITEM 123: PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995 (continued) (A/C.5/48/L.72)

Draft decision A/C.5/48/L.72

1. Draft decision A/C.5/48/L.72 on reorganization of the Department of Administration and Management was adopted without a vote.

2. Mr. KUMAMARU (Japan), speaking in explanation of position, expressed concern that the proposed new structure of financial responsibilities within the Department might impede the integrated and coordinated management of financial matters. However, his delegation had decided to join the consensus in the hope that the Secretary-General's initiative would achieve its overall objectives of increasing the Department's efficiency and effectiveness.

3. The CHAIRMAN said that the Committee had thus concluded its consideration of the question; he requested the Rapporteur to report directly thereon to the General Assembly.

AGENDA ITEM 136: FINANCING OF THE UNITED NATIONS PROTECTION FORCE (continued) (A/48/690/Add.3 and A/48/961)

4. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introduced the report of the Advisory Committee on financing of the United Nations Protection Force (A/48/961). It was based on the report of the Secretary-General (A/48/690/Add.3), supplemented by additional information which had been submitted in writing or provided orally. Established in early 1992, UNPROFOR had been expanded by 14 separate decisions of the Security Council to become the largest active United Nations peace-keeping operation. Its current proposed and authorized civilian and military personnel totalled about 53,223 (A/48/961, annex) and the number of aircraft totalled 58 fixed-wing aircraft and helicopters (A/48/690/Add.3, annex XIV); the vehicle fleet totalled 3,699 (A/48/690/Add.3, annex XIII).

5. The first humanitarian appeal had been issued on 3 December 1991 for $24.3 million, intended to cover an estimated 500,000 beneficiaries. By October 1993, when a consolidated appeal had been issued for $696.6 million for the period ending June 1994, the number of beneficiaries had risen to 4.3 million. The most recent appeal, issued on 11 May for the period July to 31 December 1994, had been for $532.1 million for an estimated 4.1 million people in need of humanitarian assistance (A/48/690/Add.3, para. 13). From those figures it was obvious that UNPROFOR required an annual outlay of over $1 billion in humanitarian assistance.

6. For the period 12 January 1992 to 31 July 1994, $2.1 billion had been authorized by the General Assembly and $2 billion had been assessed on Member States, leaving a balance of $159 million to be assessed. Outstanding contributions as of 13 June 1994 amounted to $624.5 million. The situation had

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seriously affected the Secretariat's ability to reimburse troop-contributing countries; between 1992 and 30 June 1994, no payment had been made, in respect of contingent-owned equipment.

7. The Security Council had extended the mandate of UNPROFOR to 30 September 1994 and had increased its military personnel, from 34,700 to 44,870, an increase of 10,170 military personnel. The authorized numbers of military observers and civilian police were 748 and 1,011, respectively.

8. The Secretary-General had therefore submitted estimates incorporating the requirements to cover the expanded needs of UNPROFOR. The budgetary estimates for the next six months had been established at $915.6 million gross, as against $858 million authorized for the nine-month period from 1 July 1993 to 31 March 1994. For the six-month period from 1 October 1994 to 31 March 1995, preliminary estimates amounted to approximately $1 billion gross. The Secretary-General was proposing an increase in civilian support from 3,804 to 6,600 posts, including 2,240 for international contractual personnel, for which an increase of 910 was being proposed over the current level of 1,330.

9. In previous statements, he had referred to the unrealistic deadlines under which the Fifth Committee, the Advisory Committee and the Secretariat were required to operate. For example, in less than six months in 1994, the Secretariat had submitted four budget documents to the Fifth Committee on the financing of UNPROFOR, and work on the current estimates had begun almost immediately after the adoption of resolution 48/238 on 18 April 1994. The representatives of the Special Representative of the Secretary-General for the former Yugoslavia had informed the Committee that they had had to prepare 21 budgets in 25 months.

10. The quality of debate and negotiations, including the clarity of the guidelines that should emerge therefrom, had been adversely affected. The quality of the information contained in the documentation submitted to the Advisory Committee and the General Assembly was not at the level it should be. The administration and management of UNPROFOR resources had been adversely affected by frequent changes in mandate. Unless steps were taken quickly to reform the process, administrative and financial activities such as the frequent closing and opening of accounts, procurement and requisition procedures would continue to be laborious and cumbersome and would thus require more resources than warranted. That situation, including the lack of effective procedures for gathering the most up-to-date budget implementation data, was partly responsible for the fact that no performance report had been submitted for the period 1 July 1993 to 31 March 1994.

11. The current situation should not be tolerated any longer. Frequent discussion of budgets did not necessarily enhance the ability of Member States to monitor and control the expenditures they had authorized. Control and monitoring could only be exercised effectively if all the elements in the process were functioning in an orderly manner. In the current situation, they were not. The Secretariat should have more time to implement and report on the budgets for peace-keeping operations, without contravening the principle that

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assessments must be made on the basis of mandates as authorized by the Security Council. He therefore suggested that at the forty-ninth session reforming the current budgetary process and financial periods for peace-keeping operations should be accorded priority by the Fifth Committee.

12. The format of the budget document must also be changed. The report of the Advisory Committee contained a number of observations in support of that view. The current format was no longer useful for all peace-keeping operations, particularly large operations such as UNPROFOR; it made analysis time-consuming and obscured the relationship that existed between the estimates submitted under main objects of expenditure. In the absence of workload indicators for the various services, increases and decreases were difficult to understand. The Committee had therefore requested that the current format should be refined when the next estimates for UNPROFOR were drawn up.

13. Sixty-seven per cent of the budget estimates proposed was for military and civilian personnel. That percentage was even larger if indirect costs such as premises and supplies were included. The deployment of military and civilian personnel was as indicated in the annex of the report of the Advisory Committee. Experience as of 10 June 1994 showed that the rate of actual deployment was often lower than the planned rate. That should lead to lower requirements in services and the related budgetary expenditures.

14. The procedures and methods for gathering statistics on military personnel and for evaluating contingent-owned equipment continued to give the Advisory Committee cause for concern. It hoped that its concerns in that regard would be addressed in the next estimates for UNPROFOR. It was the Advisory Committee's intention to follow up the question of contingent-owned equipment in connection with its consideration of the report of the Secretary-General on effective planning, budgeting and administration of peace-keeping operations (A/48/945).

15. While the Advisory Committee appreciated the response to its observations on the need to justify requests for civilian support for UNPROFOR, it was not fully satisfied with the explanations contained in the report of the Secretary-General. The Advisory Committee noted that, while military personnel had increased by about 29.3 per cent, the proposed increase in civilian personnel was 73.5 per cent. The format of the estimates did not provide a clear picture of the reasons for the additional request arising from the expansion of the Force, or for the additional requests related to underbudgeting for the previous mandate or the transfer of responsibility for support services previously provided by the military.

16. Referring to the staffing estimates contained in document A/48/960/Add.3, annex IX and the summary table contained in paragraph 37 of the Advisory Committee's report, he noted considerable reorganization and the establishment of new administrative and other support units. He also noted a number of significant increases in personnel requested for a number of units such as field administration, integrated support services and engineering services. From the

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information provided in the document, it was difficult to understand the reasons for the increase.

17. According to the representatives of the Secretary-General and of the Special Representative, the increase in civilian personnel for engineering or the integrated support services resulted partly from the transfer of responsibility for a number of support services previously performed by the military. The Advisory Committee had requested further clarification in that regard, but the information in the current estimates was not fully satisfactory. The Advisory Committee welcomed the fact that new definitions had been agreed in order to delineate more clearly the role of military and the civilian support for UNPROFOR. It hoped that the effect of the new definitions would be much more clearly indicated in the next estimates.

18. Additional information had been requested, but by the time it had arrived, the Advisory Committee had already concluded its work. In any case, the information had not been properly formatted for quick analysis and evaluation. Therefore, the next estimates should include a more detailed justification for the personnel requested under the various organizational units in terms of workload and other quantifiable indicators. The proposals to refine the format of the budget document should facilitate the explanation of the estimates.

19. A minimum of $37.3 million had been budgeted for contractual personnel, for which an expansion from 1,330 to 2,240 had been proposed. The Advisory Committee acknowledged that it was necessary to have recourse to that method of procuring personnel services. It would offer further observations on the subject at a later stage. In the meantime, on the basis of its previous observations and the comments by the Secretariat, it had requested that the next report on UNPROFOR estimates should include further clarification of the role of international contractual personnel. It had been informed that contractual personnel were United Nations personnel, but not staff members. The Advisory Committee would therefore appreciate clarification of such questions as whether the United Nations was procuring services or hiring individuals. The Advisory Committee noted from the report of the Secretary-General that only United Nations staff members performed core functions. However, it was evident from additional information submitted to the Advisory Committee that contractual personnel were performing a number of functions which were also being performed by United Nations staff members, including budget administration, finance and supervisory functions. The inquiries of the Advisory Committee and its request for additional clarification should not be misconstrued. The Advisory Committee did not necessarily object to the use of such personnel. It merely wished to be satisfied that the relationship between those individuals and the United Nations was clearly spelled out and that appropriate United Nations rules were in place to govern the contractual personnel.

20. The Committee had already commented inter alia on estimates for transport and air operations, accommodation and premises, communications, equipment, supplies and services, for which $367 million was estimated in the present submission.

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21. There was an urgent need to enhance the capacity of the Force and indeed of the other peace-keeping missions to determine more accurately requirements for such items as vehicles, accommodation facilities, spare parts, generators, communications equipment and so on. In its previous reports on other peace-keeping operations the Committee had commented for example on what would appear an over-supply of such items as vehicles, particularly the small commercial civilian type. The experience of excessive procurement of vehicles for UNTAC was still very fresh.

22. Concerning UNPROFOR, the number of vehicles in the first five lines of annex XIII of the estimates totalled 2,152. Considering the proposed establishment of 6,600 civilian positions and taking into account existing vacancies through the mandate period, the additional vehicles should be procured only after a careful assessment of the actual need for them.

23. The Advisory Committee had also not been satisfied with the information provided to justify the procurement of 3,290 additional containers, given that 3,300 containers had already been requested for additional troops. Furthermore, to reduce rental costs once the containers were in the operational area, they should be used immediately and the installation of prefabs should also be done quickly for the same purpose.

24. The efficiency of the procurement process for those and other items for the Force was a matter of continuing concern to the Advisory Committee. It had noted that the procurement of several items referred to the period after September 1994 and, after an exchange of views with representatives of the Secretary-General, understood that that was an attempt by the Secretariat and the field to improve the requisition and procurement process. The Advisory Committee had requested that urgent attention be paid to the subject in view of the considerable sums of money involved in procurement. Should it be ascertained that adequate capacity and effective control existed in the field, more authority should be delegated to speed up the procurement of goods and services.

25. Also of concern was the need to address the continuing weakness in the systems of inventory control and property management and to have an adequate and effective accounting system, and systems for budget preparation, implementation and monitoring. In that connection, the Advisory Committee regretted the absence of a performance report for the period ending 31 March 1994, which it understood was due largely to the need to spend more time to verify the validity of unliquidated obligations. The delay in submitting the performance report was also a symptom of the malaise he had referred to earlier, namely the frequent and chaotic budgetary preparation and approval process.

26. Taking into account all the observations in its report, the Advisory Committee was recommending an appropriation of $860 million gross. For the reasons given in its report and pending consideration of the next estimates for the Force, it was recommending a commitment authority of $143.3 million gross for the three months ending on 31 December 1994. The commitment authority was based on its recommendations for the six months ending 30 September 1994.

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27. The Advisory Committee had taken some time to agree on the amount to recommend for appropriation. Various amounts had been suggested but it had finally been agreed to recommend $860 million inclusive of $445.3 million already committed. The actual assessment should take into account $286.3 million already assessed for the period ending 31 July 1994, the unencumbered balance of $28.3 million and the contents of the performance report if it was available before the General Assembly decided on the amount to assess on Member States. The Advisory Committee's recommendation had been arrived at after a discussion of the amounts it might recommend for a number of expenditure items. In the end the Advisory Committee had decided to leave it to the Secretariat to adjust the various objects of expenditure, taking into account the related comments of the Advisory Committee.

28. With the exception of the posts for the Office of the Special Coordinator for Sarajevo, the Advisory Committee had not made specific recommendations to reduce the number of positions. It trusted that civilian positions would be filled after a careful determination that the related services could not be performed by those already on board. The level of resources recommended by it for the Force should also not be exceeded.

29. The Advisory Committee and the General Assembly were being requested to examine in detail and to agree by consensus on the assessed portion of an operation costing $3 billion a year, and to finish that and many other items by 15 July 1994. If nothing was done by the end of 1994, he was afraid the same sorry mess would still prevail in July of 1995.

30. The way in which the Security Council adopted its decisions would not change. But even if it was necessary to meet all year round, the Advisory Committee and the Fifth Committee must always be ready to consider requests for addressing the needs for peace and for humanitarian assistance for the suffering of millions around the world. The change he was referring to was for them to be in charge of the process for the discharging of their own responsibility. It was a challenge: the time had come for change.

31. Mr. TAKASU (Controller) introduced the Secretary-General's request for the financing of UNPROFOR, the largest and most complicated operation in which the United Nations was engaged. The Force's monthly minimum cash requirement was far in excess of its current budget of $67 million. As of that date, outstanding contributions from Member States totalled $594 million and only $41 million had been received in the past six weeks. If that trend continued, UNPROFOR would be in a very difficult situation. As the Under-Secretary-General for Administration and Management had told the Committee the week before, the accounts of other peace-keeping operations were in even direr straits.

32. The current mandate of UNPROFOR had been extended to September but the commitment authority granted by the General Assembly until the end of July amounted to $445 million. Since that time, the Security Council had adopted resolutions 908 (1994) and 914 (1994) in order to increase the strength of UNPROFOR. That would require additional financing. Accordingly, the Secretary-General had submitted revised cost estimates of $915 million for the

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period 1 April-30 September, reflecting those increases. He took note of the Advisory Committee's recommendations to reduce that amount to $860 million; the number of posts in the Office of the Special Coordinator for Sarajevo could be reduced, but there might be delays in the deployment of military and civilian personnel.

33. Paragraph 76 (b), (c) and (d) of the Secretary-General's report described action to be taken by the General Assembly. The Secretary-General had provided a cost estimate for six months starting on 1 October 1994 on a monthly basis of $167 million gross. He took note that the Advisory Committee had recommended reducing that amount to $143 million gross. At the same time, the Advisory Committee had recommended that the commitment authority should be limited to three months - October, November and December - with its prior concurrence as to the amount to be committed and the period to be covered. The Secretary-General must submit a request to the Advisory Committee before the end of that period.

34. The Secretariat was keenly aware of the need to streamline budgetary procedure and it appreciated the comment by the Chairman of the Advisory Committee in that regard. He fully agreed with the Chairman of the Advisory Committee that frequent discussion of budgets did not necessarily enhance the ability of Member States to monitor and control the expenditures they had authorized. Streamlining budgetary procedure would help the Secretariat to plan and implement effective control and review. He looked forward to a discussion of the question at the earliest possible date.

35. The Secretariat welcomed the Secretary-General's proposals to streamline budgetary procedures and favoured a longer budgetary period for major operations such as UNPROFOR. Noting that it was extremely difficult to compile all pertinent financial data in a comprehensive manner when budgetary cycles were shorter than six months, he said the Secretariat regretted it could not yet provide the performance report for the period ending 31 March 1994, because that complete data on cost performance for that period had not yet been received. However, substantial savings were not anticipated for the period.

36. With regard to the Secretary-General's decision to establish the special financial period of UNPROFOR for a period of 12 calendar months, as stated in paragraph 76 (e) of his report (A/48/690/Add.3), he clarified that the Secretary-General was not proposing to establish an annual budget for UNPROFOR, but rather an annual financial period in order to simplify accounting procedures. He hoped the Committee would consider that proposal favourably.

37. Finally, the Secretariat agreed that current budgetary formats, especially in the case of UNPROFOR, did not provide for effective review. Accordingly, it had begun an internal review of how to improve that format, in accordance with the Advisory Committee's recommendation. Owing to UNPROFOR's precarious financial situation, the Secretariat had tried to accelerate the reimbursement of troop costs; the last payment had been made in mid-April 1994 to cover the period through February 1994. However, the United Nations currently still owed $138 million to contributing Member States for reimbursement.

38. Mr. BOIN (France) said that while his delegation could not support the establishment of an annual budget for UNPROFOR whose mandate was constantly evolving, it would consider favourably an annual accounting period. He disagreed with Mr. Mselle's statement that current budgetary procedures were inappropriate; however, the nature of UNPROFOR meant that each time it was expanded, there were significant budgetary implications. It was to be hoped that UNPROFOR's mandate would stabilize in the near future.

39. His delegation questioned the advisability of the reimbursement of $80.5 million to troop-contributing States for amounts obligated for contingent-owned equipment for the period from 12 January 1992 to 31 July 1994, referred to in paragraph 11 of the Advisory Committee's report (A/48/961) and suggested that commitment authority would be a more suitable method for such a large amount. On the question of expenses related to UNPROFOR's information activities, specifically the establishment of a radio station to cost in excess of $6 million, his delegation believed that UNPROFOR activities were already sufficiently covered by the privately-owned media companies and that those funds would be better spent elsewhere in the field. With regard to the financing of posts for the Office of the Special Coordinator in Sarajevo, his delegation believed that the reconstruction of Sarajevo was not a peace-keeping activity and should be funded by organizations such as the World Bank rather than from assessed contributions.

40. Finally, his delegation expressed concern at the excessive costs of housing for UNPROFOR military and civilian agents. When UNPROFOR was established, it had been suggested that host countries should be encouraged to contribute to the smooth functioning of the Mission. It would be helpful if the Secretariat could report to the Committee on the efforts undertaken by host countries, which received assistance from the international community, to assist UNPROFOR, especially in the areas of housing and transportation.

41. Finally, with regard to the recommendations set forth in paragraph 63 of the ACABQ report (A/48/961), his delegation believed it would be preferable to authorize the Secretary-General to enter into commitments for a period of up to six months rather than three months beginning 1 October 1994 so as not to encumber the regular period of the General Assembly, leaving more in depth review for other periods, such as the spring of 1995. He believed a six-month review would best fulfil the need for serious budgetary control and would give the Secretariat more time to prepare the pertinent budgetary documents.

42. Mr. BIRENBAUM (United States of America) said that the burden of budget documents, both on the Secretariat which had to prepare them and on member States which had to use them was cause for concern and he agreed with the Chairman of the Advisory Committee that the formats used for smaller peace-keeping operations were no longer relevant in the case of UNPROFOR. His delegation would elaborate further on several areas during informal consultations. Those areas included the level of resources specified for audit financing; the increase of civilian personnel; the rental of premises which, owing to the UNPROFOR dimension, required a more comprehensive policy approach; the use of contractual personnel, particularly with regard to possible cost

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savings; procurement and the possibility of giving local officials more authority for procurement; and, finally, the Tax Equalization Fund, for which precise procedures must be defined.

43. Mr. STITT (United Kingdom) commented that the Committee was again being asked to operate against a tight deadline and without the documents it needed to make an informed decision. A way would have to be found to break out of that vicious circle if Governments were to have the assurance that they were being asked for the minimum sums required to do the job.

44. He noted also that the Committee was being asked for a further assessment of something over $560 million and had been informed that outstanding arrears were over $590 million. Those figures spoke for themselves.

AGENDA ITEM 166: FINANCING OF UNITED NATIONS OBSERVER MISSION IN LIBERIA (UNOMIL) (A/48/592/Add.1 and A/48/960) (continued)

45. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/48/960), noted that the Security Council had extended the mandate of the Mission to 22 October 1994. An appropriation of $25.5 million was being requested, together with an amount of $5 million for the liquidation of the Mission. The original estimate for the Mission has been some $40 million, but because the plan of operations had not proceeded as envisaged, the estimates had been revised downwards to $32.8 million.

46. The latest report of the Secretary-General (A/48/592/Add.1) made reference to savings of $12.4 million, which, again, were the result of delays in implementation of the plan of operations. The Secretary-General, in his report to the Security Council (S/1994/760), had noted that the developments referred to in that report might again lead to delay in implementing a number of elements of the programme.

47. The Advisory Committee doubted that all vacant posts in the staffing table of UNOMIL could have been filled by 30 June 1994, and had been informed by representatives of the Secretary-General, as noted in paragraph 11 of its report, that requirements for civilian personnel costs might have been overestimated. It was therefore recommending that an amount of $23 million be authorized for the Mission, including $13.1 million already authorized for commitment.

48. With respect to the amount requested for liquidation, the Advisory Committee believed that the proposed structure of the Mission during its liquidation period was unnecessarily top-heavy. It had therefore deferred consideration of the liquidation phase and recommended that the Secretary-General resubmit the estimates for that phase to the General Assembly at its forty-ninth session.

49. Mr. TAKASU (Controller), introducing the report of the Secretary-General (A/48/592/Add.1), noted that the Secretary-General was recommending the appropriation by the General Assembly of the amount of $25,467,100 gross for the period from 22 April to 22 October 1994, inclusive of the amount already authorized under the terms of Assembly resolution 48/247 for the three-month period beyond 21 April 1994, and the assessment on Member States of the additional amount of $17,946,000 gross in connection with the maintenance of the Observer Mission for the period 22 April to 22 October 1994, taking into account the amount previously assessed in accordance with Assembly decision 48/478. The Secretary-General was also recommending the authorization of an amount of $5,000,000 gross for the period from 23 October to 31 December 1994 for the liquidation of the Mission. He further noted that the savings referred to in paragraph 49 (d) of the Secretary-General's report were due mainly to the non-implementation of the disarmament and redeployment phases of the Mission, but also to savings resulting from the transfer of equipment.

50. Lastly, he noted that the amount of the assessment which remained unpaid by Member States was currently $22 million and that it would be necessary for the Organization to borrow in order to meet the expenses of the Mission.

The meeting rose at 12 noon.